



Montana Department of
REVENUE

MONTANA 2007

Corporation License Tax Booklet Form CLT- 4

DRAFT
September 4, 2007

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Fiscal Year Filers - Please Note:

These are your corporation license tax forms and instructions for your fiscal year beginning in 2007. Retain this booklet for your 2007 filing purposes.

Corporation License Tax - Descriptions of Forms Available

CLT-4.....	Montana Corporation License Tax Return
CLT-4-UT.....	Underpayment of Estimated Tax
Schedule M	Affiliated Entities
Schedule K-COMB.....	Apportionment Factors for Combined Filers
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Form CT	Scannable Payment Voucher
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Schedule C Tax Credit Forms:

DCAC.....	Montana Dependent Care Assistance Credit
CC.....	Montana College Contribution Credit
HI.....	Health Insurance for Uninsured Montanan's Credit (Employer)
RCYL.....	Montana Recycling Credit/Deduction
AEPC.....	Alternative Energy Production Credit
AFCR.....	Alternative Fuel Credit
QEC.....	Qualified Endowment Credit
RSCH.....	Credit for Increasing Research Activities
MINE-CERT.....	Application and Approval for Mineral Exploration Incentive Credit
MINE-CRED.....	Mineral Exploration Incentive Credit
FPC.....	Film Production Credit
BBSC.....	Biodiesel Blending and Storage Credit
OSC.....	Oilseed Crushing and Biodiesel Production Credit
ENRG-A.....	Geothermal System Credit
RDF.....	Application to be Considered a Research and Development Firm

All corporation license tax forms listed above can be received by calling our Forms Distribution Center at (406) 444-6900, by e-mailing your request to dorforms@mt.gov, by downloading the forms from mt.gov/revenue, or by sending your request to Montana Department of Revenue, P.O. Box 8021, Helena, Montana 59604-8021.

Important Numbers

Assistance and Help Line.....	(406) 444-6900
Forms Request.....	(406) 444-6900
For the Hearing Impaired	(406) 444-2830
Fax	(406) 444-6642

These are not toll free numbers

Helpful Tips for Filing Your Tax Return

- If you attach a payment, please include either the voucher provided in this booklet or go to our website to get a Payment Form. You can also go to our website to register for Business Tax Express, which allows you to pay online.
- To prevent us from sending your return back to you, please be sure to answer all questions on pages 1 and 2 of the return and have an officer sign and date the return.
- Include a copy of your federal Form 1120. If you are a subsidiary of another corporation, you will also need to attach a copy of the federal Form 1120 prepared for the ultimate parent corporation of your group.
- If you are filing a return and requesting a refund, please check the "Refund Return" box located on the top left-hand corner of page 1 of Form CLT-4.

Electronic Payments for Corporation License Tax (C-Corp)

Business Tax Express is an online application that allows C-Corps to make estimated, current year, amended or tentative payments electronically. Business Tax Express is user friendly, secure and free. The application is available 24 hours a day, 7 days a week for your convenience.

If you are currently using Business Tax Express to pay withholding tax, we can expand your account so you can submit corporation license tax payments electronically. If you are new to Business Tax Express, please go to our website at mt.gov/revenue and click on the Business Tax Express icon to register.

Business Tax Express options include:

- Two years of online payment history
- Payment warehousing
- Capability to add additional accounts under one transmitter number
- Timely customer support

If you have any questions or would like help with Business Tax Express, call (406) 444-6900.

Watch our website at mt.gov/revenue for additional electronic payment options.

Business Tax Express

Pay your corporation's current year taxes, estimated taxes
amended and tentative payments online.

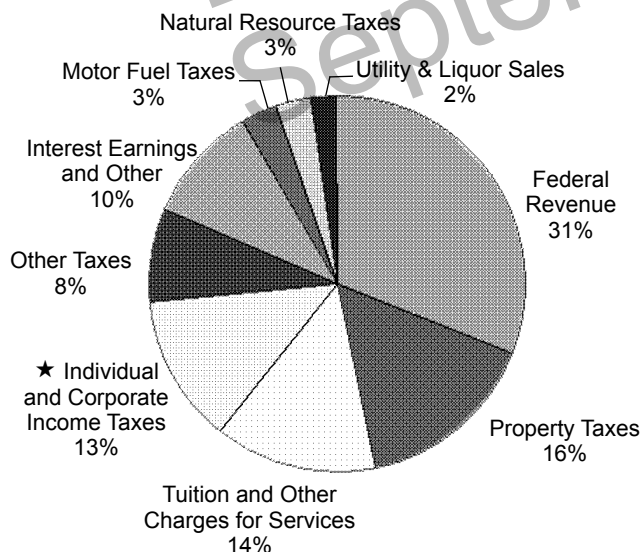
Fast, Safe and Secure

Available 24 hours a day at <http://app.mt.gov/bustax>

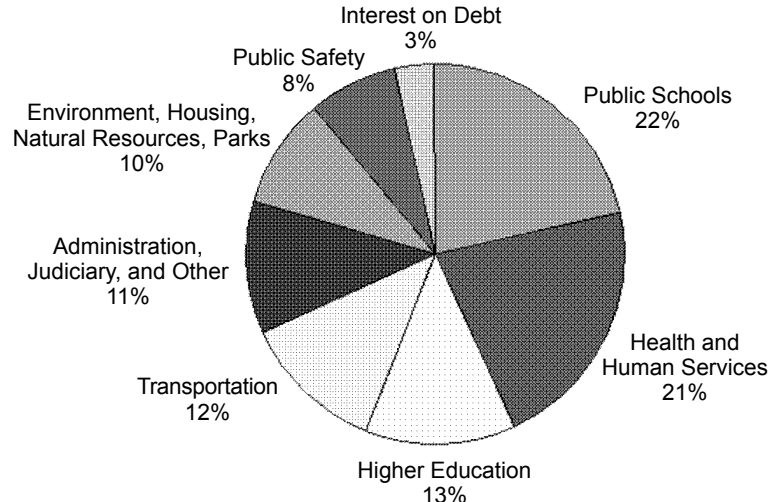
Your Tax Dollars at Work

The first chart shows the sources of revenue for both state and local governments in Montana for 2005, the most recent year for which totals are compiled. The second chart shows state and local spending.

What are Montana's Public Revenues?



Where Do Your Public Dollars Go?



★ Where Your Income Tax Dollar Goes

Education	49%
Health and Human Services	21%
Public Safety and Corrections.....	11%
Transfers to Local Governments	7%
General Government Operations	7%
Other	5%
Total Spending	100%

The table above shows where your individual and corporate income tax dollars—about 13% of total state and local revenues—were spent in 2006.

Who Has to File a Corporation License Tax Return?

Every corporation engaged in business in the State of Montana—unless expressly exempted under 15-31-102(1), Montana Code Annotated (MCA)—has to file an annual Montana Corporation License Tax Return. The term “corporation” includes associations, joint stock companies, common law trusts and business trusts that do business in an organized capacity, whether or not under and pursuant to state laws, agreements or declarations of trust.

A tax of 6.75% needs to be paid on the total net income that you received in the preceding fiscal or calendar year from all sources within Montana. Corporations that have a valid water's edge election need to pay 7% of the total net income that they received in Montana. If your corporation has sustained a net loss, you will need to file a Montana Corporation License Tax Return. The minimum tax that a corporation has to pay is \$50. For a combined return, the minimum tax applies to each corporation with Montana activity.

When Does a Corporation Need to File?

The due date for calendar year taxpayers is May 15. The due date for fiscal year taxpayers is the fifteenth day of the fifth month after the close of the taxable year. Interest of 12% per year, calculated daily, accrues on any tax liability that you have not paid by the original due date of your tax return.

A corporation is allowed an automatic extension to file its return of up to six months following the prescribed filing date. 15-31-111(3)(a), MCA. We do not require you to apply for this extension.

Where Should a Corporation File?

Please watch our website at mt.gov/revenue for upcoming electronic filing options.

You can mail your paper returns to the Montana Department of Revenue, P.O. Box 8021, Helena, Montana 59604-8021.

Part I – Filing Method

Check the box that indicates the filing method that applies to your company. We require combined filings for all members of a “unitary” group. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state. Your corporation has to qualify in order to file under methods other than a combined method. We expect you to use the same filing method consistently from year to year.

a. Separate Company – Check this filing method:

- if your corporation has no parent or subsidiaries, or
 - if your corporation is a part of a combined federal consolidated group but is filing a separate, proforma return for Montana purposes (non-unitary with the other members of the federal consolidated group).
- Note: If you attach a proforma federal Form 1120 to your Montana return, you also have to send a signed

copy of the federal Form 1120 prepared for your ultimate parent corporation.

- Separate Accounting** – Check this filing method if your corporation's business operations in Montana are not unitary with your corporation's business operations outside of Montana. All of your corporation's income and expenses that are attributed to business operations within Montana have to be able to be separated from the total income and expenses of your corporation. You will also have to attach a detailed description of your Montana activity.
- Worldwide Combination** – Check this filing method if your corporation has a unitary relationship with its domestic and foreign subsidiaries.
- Domestic Combination** – Check this filing method if your corporation has a unitary relationship with its domestic subsidiaries, and does not have 50% or greater ownership of a foreign subsidiary.
- Limited Combination** – Check this filing method if your corporation has excluded one or more of its subsidiaries from its combined unitary group. Include on your Schedule M all those subsidiaries (foreign and domestic) that are not included in this unitary group.
- Water's Edge** – You can use this method of filing only if your corporation has made a valid water's edge election with the State of Montana. Multinational, unitary corporations that wish to file under the water's edge method will have to file a written election within the first 90 days of the tax period for which that election is to become effective. This election has to be approved by our department and it is binding for three consecutive taxable periods. If your corporation wishes to extend this election, it will have to file a new election within the first 90 days of the tax period for which the extension to this election is to become effective.

For tax periods that begin after December 31, 2003, corporations that make a valid water's edge election have to include in their water's edge group all of that group's subsidiaries that are incorporated in countries set forth under the provisions of 15-31-322(1)(f), MCA.

Those corporations filing under a valid water's edge election must submit Schedule WE with their Montana CLT-4.

- Exempt from tax under provisions of Public Law 86-272** – please see Administrative Rules of Montana 42-26-501 for guidance about whether your corporation can file under this method.

Combined Returns for Multi-state Corporations

If your corporation engages in a particular trade or business with one or more “unitary” corporations, you will have to file a “combined” return in which you apportion the entire business income from such trade or business in keeping with 15-31-305 through 15-31-311, MCA. All unitary affiliated corporations that are owned more than 50% are required to be included in your combined report.

Part II – Amended Return

Use this form to amend your original return. Indicate at the top of the form that this represents an amended filing and check the box that indicates the reason(s) why you are amending your return. Please attach the applicable forms and statements that can explain in detail all of your adjustments. Complete the entire form using the corrected amounts.

- We do not have to pay interest on a refund that results from a net operating loss carry-back or carry-forward. 15-31-119(9), MCA.
- We do not have to pay interest if we refund your overpayment within six months from the date that your return is due or from the date that you filed originally, whichever is later.
- We compute interest on overpayments of tax or additional tax due at the rate of 12% per year.
- Statute of Limitations. For years beginning on or after March 13, 1997, we can allow a refund or credit for any return that you file within three years of its due date without regard to an extension of time to file. 15-31-509(2), MCA.

Part III - General Questions (a-m)

Check the appropriate box. You will need to answer all of the questions. If you answer yes to any of the questions (j-m), you will have to complete Schedule M.

Part IV - Reporting of Special Transactions

Check the appropriate box. You will need to answer all of the questions. If you answer yes, you will have to attach a copy of the applicable form.

Declaration - If all questions in parts I through IV are not answered, we will return your tax form to you so that you can complete it.

Montana Taxable Income and Net Amount Due**Line 1 - Taxable Income.**

The taxable income that you reported on line 28 of your federal return (Form 1120) has to be entered on line 1 of your Montana return (Form CLT-4). You have to attach to your CLT-4 a complete copy of the signed Form 1120 that you filed with the Internal Revenue Service. If your Form 1120 is voluminous, please attach pages 1 through 4, along with the schedules that you used to compute your income and deductions and the supporting federal schedules for each of the following items, if applicable:

- Line 2 - Cost of Goods Sold/and or Operations
- Line 8 - Net Capital Gains (Schedule D)
- Line 9 - Ordinary Gains/(Loss) (Form 4797)
- Line 10 - Other Income
- Line 17 - Taxes
- Line 26 - Other Deductions

- Form 1120-FSC - U.S. Income Tax Return of a Foreign Sales Corporation
- Form 8873 - Extraterritorial Income Exclusion
- Schedule M-3

Line 2 - Montana Additions.

- (a)(b) The Montana corporation license tax and other state, local and foreign income taxes that have been deducted on your federal return have to be added back to your income. 15-31-114(1)(e), MCA. Please attach a breakdown of your federal Form 1120, line 17 taxes. These taxes should be added back on line 2a or 2b.
- (c) Municipal bond interest is taxable and should be added to your income on line 2c. 15-31-113(1)(a)(i), MCA.
- (d) If you claim the qualified endowment credit on your return, the amount of contribution that you used to compute your credit should be included in the amount of income that you included on line 2d. 15-31-161, MCA.
- (e) We require corporations that are engaged in a unitary relationship with an international group to make a worldwide combined filing. Enter any income or loss from your foreign parent and from all foreign subsidiaries that are included in the worldwide combined group. Please attach supporting schedules or your federal Form 5471.
- (f) Unitary filers should enter the income or loss from unitary subsidiary corporations that are not included in their federal consolidated group. For example, subsidiary corporations in which members of the collective unitary group own more than 50% of that corporation should be included here. Attach a copy of the federal Form 1120 and supporting schedules for the separately filed corporation(s).
- (g) We do not allow the federal extraterritorial income exclusion for Montana tax purposes. Consequently, your federal deduction for extraterritorial income has to be added back when you compute your Montana taxable income. Please attach federal Form 8873, Extraterritorial Income Exclusion and federal Schedule N, Foreign Operations of U.S. Corporations.
- (h) Enter the amount from line 11 of your Schedule WE. Schedule WE is available on our website.
- (i) We do not allow the federal capital loss carry-over as part of your allowable deduction for Montana corporation license tax purposes. Any amount of federal capital loss carry-over that you used on your federal return has to be added back when you compute your Montana taxable income.
- (j) You will have to attach to your CLT-4, a detailed breakdown of any other additions to your income and you need to report it on line 2j.

Examples of other additions:

- Film production credit - If you claim a film production credit, you have to include the amount of the expenditures that you used to compute this credit in your income for the year you incurred this expenditure.
- Insure Montana Credit – If you claim a credit for insurance premiums paid during the year, you have to include the amount of insurance premiums that you used to compute this credit in your income for the year that you incurred this expense.
- Foreign income - If you owned a foreign sales corporation, you have to include the total net income that you reported on your federal Form 1120-FSC in your calculation of Montana taxable income.

Line 3 - Montana Reductions.

- Montana allows a deduction for Section 243 dividends at the same percentage as the federal deduction. This deduction should be reported on line 3a.
- Non-business Income - (for multi-state taxpayers only) Business income means income arising from transactions and activity in the regular course of your trade or business. It includes income from tangible and intangible property if the acquisition, management and disposition of that property constitute integral parts of your trade or business operations. We assume that gains or losses from the sale of capital or business assets, dividends, interest, rents, or royalties are business income unless they can be clearly classified as non-business income. You will have to attach to your return a statement or schedule that describes the type of income and which explains in detail why you consider that income to be non-business. You should report all non-business income on line 3b.
- You can take an additional 10% deduction for the purchase of recycled material, as computed on Form RCYL. You will have to attach a copy of Form RCYL to your return. 15-32-610, MCA.
- Multi-state corporations should enter the income or loss of all of its non-unitary corporations that are included in the federal consolidated group.
- You have to deduct capital losses in the year that you incurred those losses. 15-31-114(1)(b), MCA. Enter the amount of capital loss that you incurred during the tax period that has not already been deducted on your federal return. Please attach your federal Schedule D.
- Report on line 3f any other deductions that are allowable as you computed your Montana taxable income. Please attach a detailed schedule to your return.

Examples are:

- The amount of contributions made by a small business to its independent liability fund. 33-27-117(1), MCA.
- A portion of an investment made in a building for the purpose of conserving energy. 15-32-103, MCA. To qualify, the building has to be used in the corporation's business and the result of the investment has to show a substantial reduction in the amount of energy needed to render the building usable.
- Documented expenses for the donation of mineral exploration information to the Montana Tech Foundation. 15-32-510, MCA.

Line 4 - Adjusted Taxable Income. Add lines 1 and 2, then subtract line 3; enter total on line 4.

Line 5 - Income Apportioned to Montana. Multi-state taxpayers should multiply the amount reported on line 4 by the apportionment percentage from Schedule K, line 5. Enter the result here.

Line 6 - Income Allocated Directly to Montana. Multi-state taxpayers should report on line 6 any income that is allocable to Montana.

Line 7 - Montana Taxable Income Before Net Operating Loss. Add lines 5 and 6 and enter the result on line 7 - or enter the amount shown on line 4. If you incurred a net operating loss, enter a negative amount. This loss first has to be carried back to the three preceding taxable periods prior to the year of loss. 15-31-119, MCA.

If you elect to forego the entire carry-back period, you should check the box on this line. But keep in mind that once you make this election to forego the carry-back, that election is irrevocable for the year that you make it. If you report a net loss on line 7 and do not check either box, that loss has to be carried back.

Line 8 - Montana Net Operating Loss Carry-over. If line 7 is a positive amount, the loss that you claim on line 8 cannot exceed the amount of income that you reported on line 7. If line 7 is a negative amount, enter \$0 on line 8. If you have sustained a Montana net operating loss in a preceding year, you can apply the remaining loss against the income that you reported on line 7. You can carry forward any net operating loss that you incurred for seven taxable periods following the year of that loss. If you claim a Montana net operating loss deduction on line 8, you will have to attach a detailed schedule of your net operating loss carry-over. If you are filing a combined return, please refer to the Schedule K for Companies with More Than One Corporation Active in Montana on page 7.

Line 9 - Montana Taxable Income. Subtract any loss reported on line 8 from line 7 and enter the Montana taxable income on line 9.



2007 Corporation License Tax Return

C
MONTANA
Form CLT-4
Rev. 6-07

For calendar year 2007 or tax year beginning (MM-DD)____ - ____ - **07** and ending (MM-DD-YY)____ - ____ - ____

Check if applicable:

- ☐ **Initial Return**
☐ **Final Return**
☐ **Amended Return**
☐ **Refund Return**

Corporation Name		FEIN _____
Address _____		Federal Business Code _____
If new address check here <input type="checkbox"/>		Incorporated in State of _____
City _____	State _____	Zip+4 _____
Date _____		Date Qualified in Montana _____

☐ Check this box if you do not need the Montana corporation license tax return and instructions sent to you next year

Copy of signed Federal Form 1120 as filed with the Internal Revenue Service must be attached

Part I - Filing Method - Check applicable filing method (see instructions)

- a. Separate Company..... a. ☐
b. Separate Accounting b. ☐
c. Worldwide Combination..... c. ☐
d. Domestic Combination d. ☐
e. Limited Combination..... e. ☐
f. Water's Edge (must have a valid election and Schedule WE must be attached)..... f. ☐
g. Exempt from tax under provisions of Public Law 86-272 (Schedule K must still be completed)..... g. ☐

Part II - Amended Return Only - Check all that apply.

- a. Federal Revenue Agent Report, a complete copy of this report must be attached a. ☐
b. NOL carryback/carryforward; year of loss. _____ b. ☐
c. Apportionment factor changes (attach a statement explaining all adjustments in detail)..... c. ☐
d. Amended federal return (Form 1120X); a complete copy of this return must be attached d. ☐
e. Application and/or change in tax credit; type of credit being claimed. _____ e. ☐
f. Other - Attach a statement explaining all adjustments in detail..... f. ☐

Part III - General Questions - All questions must be answered.

- a. Describe in detail the nature and location(s) of your Montana activities (if necessary, provide the description on an additional page). _____

- b. Is this your corporation's first Montana return? ☐ Yes ☐ No
If this corporation is a successor to your previously existing business, enter name and FEIN of your previous business: _____

- c. Is this your corporation's final Montana return?..... ☐ Yes ☐ No
If so, indicate whether your corporation has:
☐ Withdrawn; ☐ Merged (please attach detailed statement);
☐ Dissolved (please attach detailed statement); ☐ Reorganized (please attach detailed statement).
Date of withdrawal, dissolution, merger, or reorganization. _____
- d. For any periods, has the Internal Revenue Service issued an official notice of change or correction that you have not filed with the Montana Department of Revenue? ☐ Yes ☐ No
If "yes," indicate the periods that have not been filed. _____
- e. Are any statute of limitation waivers currently in force that have been executed with the Internal Revenue Service? ☐ Yes ☐ No
If "yes," which taxable years are covered and what are the expiration dates of the waivers? _____

- f. Have you filed an amended federal return for any of the last five (5) taxable periods? ☐ Yes ☐ No
If "yes," for which years have you filed amended Montana returns? _____
- g. Are you filing a combined Montana return (you checked c, d, e or f in Part I above)?..... ☐ Yes ☐ No
If "yes," enter the number of entities included in this return that are active in Montana. _____

- h. Was your corporation included as a member of a consolidated group for Internal Revenue Service filing purposes? ☐ Yes ☐ No
If "yes," you will need to provide support for your consolidated taxable income by attaching pages 1 through 4 of the consolidated U.S. Corporation Income Tax Return (Form 1120) that you filed with the Internal Revenue Service. Enter the ultimate U.S. parent's FEIN: _____
Enter the ultimate U.S. parent's name: _____
- i. Did an individual at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of this corporation? Name: _____ % of ownership: _____ ☐ Yes ☐ No
- j. Did a partnership, corporation, estate or trust at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of this corporation? ☐ Yes ☐ No
- k. If the answer to question (i) or (j) is yes, did the same individual, partnership, corporation, estate or trust at the end of the taxable year also own, directly or indirectly, 50% or more of the voting stock of another (brother-sister) corporation? ☐ Yes ☐ No
- l. Did this corporation or any member of the consolidated group own, directly or indirectly, 50% or more of the outstanding voting stock of a domestic corporation that is not included in the consolidated group referenced in (h) above? ☐ Yes ☐ No
- m. Did this corporation or any member of the consolidated group own, directly or indirectly, 50% or more of the outstanding voting stock of a controlled foreign corporation? ☐ Yes ☐ No
- If you answered "yes" to any of the above questions (j - m), you will need to complete Schedule M.**

Part IV - Reporting of Special Transactions

Check "yes" if you filed any of the following forms with the Internal Revenue Service.

You will need to attach to your Montana return a complete copy of any of these applicable forms.

- a. **I filed federal Form 8264 - Application for Registration of a Tax Shelter with the Internal Revenue Service.** ☐ Yes ☐ No
Form 8264 is required to be filed to register a tax shelter.
- b. **I filed federal Form 8271 - Investor Reporting of Tax Shelter Registration Number with the Internal Revenue Service.** ☐ Yes ☐ No
Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter.
- c. **I filed federal Form 8824 - Like-Kind Exchanges with the Internal Revenue Service.** ☐ Yes ☐ No
Check "yes" if your like-kind exchange includes Montana property.
Form 8824 is used to report each exchange of business or investment property for property of a like-kind.
- d. **I filed federal Form 8865 - Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service.** ☐ Yes ☐ No
Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest.)
- e. **I filed federal Form 8886 - Reportable Transaction Disclosure Statement with the Internal Revenue Service.** ☐ Yes ☐ No
Form 8886 is used to disclose information for each reportable transaction in which you participated.
- f. **I filed federal Form 13657 - Notice of Election by Corporation to Participate in Announcement 2005-19 Settlement Initiative with the Internal Revenue Service.** ☐ Yes ☐ No
Form 13657 is an election to participate in the settlement initiative as described in Announcement 2005-19 and as contained in Internal Revenue Bulletin 2005-11 dated March 14, 2005.
- g. **I filed federal Form 13750 - Election to Participate in Announcement 2005-80 Settlement Initiative with the Internal Revenue Service.** ☐ Yes ☐ No
Form 13750 is an election to participate in the settlement initiative as described in Announcement 2005-80 and as contained in Internal Revenue Bulletin 2005-46 dated November 14, 2005.

Declaration - Under penalties of perjury, I, the undersigned officer of the corporation, declare that to the best of my knowledge and belief, this return and accompanying schedules are a true, correct, and complete return made in good faith for the income period stated above, pursuant to Montana corporation license tax law and regulations.

Signature of officer _____

Date _____

Print name _____

Title _____

Telephone number, ext. _____

Name of person or firm preparing return _____

Date _____

Preparer's identification number _____

Telephone number _____

☐ Check here to authorize the Montana Department of Revenue to discuss your return with the individual/preparer listed above.

Computation of Montana Taxable Income and Net Amount Due

1. Taxable income reported on your federal return (line 28) (attach a copy of signed federal Form 1120).....	1.	
2. Additions:		
2a. Montana corporation license tax (attach breakdown of your Form 1120, line 17)	2a.	
2b. Other state, local, foreign, and franchise taxes based on income	2b.	
2c. Federal tax exempt interest	2c.	
2d. Contributions used to compute qualified endowment credit	2d.	
2e. Income/loss of foreign parent and foreign subsidiaries for worldwide combined filers	2e.	
2f. Income/loss of unitary corporations not included in federal consolidated return	2f.	
2g. Extraterritorial income exclusion	2g.	
2h. Deemed dividends (Water's Edge filers only.) (attach Schedule WE)	2h.	
2i. Federal capital loss carry-over utilized on federal return	2i.	
2j. All of your other additions (attach a detailed breakdown)	2j.	
Add lines 2a through 2j and enter the result. This is the total of your additions		2.
3. Reductions:		
3a. IRC Section 243 dividend received deduction	3a.	
3b. Non-business income (attach a detailed breakdown)	3b.	
3c. Montana recycling deduction (attach Form RCYL)	3c.	
3d. Income/loss of nonunitary corporations included in federal consolidated return	3d.	
3e. Capital loss incurred in current year (attach federal Schedule D)	3e.	
3f. All of your other reductions (attach a detailed breakdown)	3f.	
Add lines 3a through 3f and enter the result. This is the total of your reductions		3.
4. Add lines 1 and 2, then subtract line 3 and enter the result. This is your adjusted taxable income	4.	
5. Income apportioned to Montana (multiply line 4 X _____ % from Schedule K, line 5) and enter the result	5.	
Combined filers must use the schedule outlined in the instructions.		
6. Enter the income that you allocated directly to Montana (attach a detailed breakdown)	6.	
7. Montana taxable income before net operating loss (add lines 5 and 6 or enter amount reported on line 4)	7.	
If line 7 is a loss, do you wish to forego the net operating loss carry-back provision? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Note: If you have reported a loss on line 7 and have checked neither box, the loss first has to be carried back.		
8. Enter your Montana net operating loss carried over to this period (attach a detailed schedule)	8.	
9. Subtract line 8 from line 7 and enter the result here. This is your Montana taxable income	9.	
10. Multiply line 9 by 6.75% (or line 9 by 7% if you have a valid Water's Edge election). This is your Montana tax liability	10.	
Note: This amount cannot be less than the minimum tax liability of \$50.		
Check this box if you are calculating your tax liability using the Alternative Tax method. <input type="checkbox"/>		
11. Payments:		
11a. 2006 overpayment	11a.	
11b. Tentative payment	11b.	
11c. Quarterly estimated tax payments	11c.	
11d. All other payments. Describe	11d.	
11e. Previously issued refunds. Describe	11e.	()
Add lines 11a through 11e and enter the result. This is the total of your payments		11.
12. Enter total credits (from Schedule C)	12.	
13. Add lines 11 and 12, then subtract from line 10 and enter result. This is your tax due or overpayment	13.	
14. Enter the amount of overpayment that you want to be applied to your 2008 estimated tax	14.	
15. Add lines 13 and 14 and enter the result. This is your net tax due or overpayment	15.	
16. Enter interest on all the tax paid after the due date, calculated at 12% per year, on a daily basis	16.	
17. Enter estimated tax underpayment interest (attach Form CLT-4-UT)	17.	
Check box if you are using the annualized income or adjusted seasonal income method. <input type="checkbox"/>		
18. Penalty:		
18a. Enter your late filing penalty (see instructions)	18a.	
18b. Enter your late payment penalty (see instructions)	18b.	
Add lines 18a and 18b and enter the result. This is your total penalty		18.
19. Add lines 15 through 18 and enter the result on line 19a or 19b below.		
19a. If the result is positive, enter the amount due here. This is your total amount due	19a.	
Please attach your remittance payable to the Montana Department of Revenue or visit our website at mt.gov/revenue for electronic payment options.		
19b. If the result is negative, enter the refund due here. This is your total overpayment	19b.	

If you wish to use direct deposit, enter your bank routing and account numbers below.

RTN# ACCT#
☐ Checking
☐ Savings

Schedule K - Apportionment Factors for Multi-state Taxpayers

FEIN _____ Period End Date _____

Enter dollar values in columns A and B. Enter percentages in column C.

A. Everywhere	B. Montana	C. Factor
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1. Property Factor: Enter average values for real and tangible personal property

1a. Land.....	1a.		
1b. Buildings	1b.		
1c. Machinery	1c.		
1d. Equipment.....	1d.		
1e. Furniture and fixtures.....	1e.		
1f. Leased property.....	1f.		
1g. Inventories	1g.		
1h. Supplies and other.....	1h.		
1i. Property of foreign subsidiaries included in combined unitary group	1i.		
1j. Property of unconsolidated subsidiaries included in combined unitary group.....	1j.		
1k. Property of pass-through entities included in combined unitary group...	1k.		
1l. Multiply amount of rents by 8 and enter result.....	1l.		
Total Property Value add lines 1a through 1l.....			

Take the total in column B and divide it by the total in column A. Multiply that result by 100 and enter the result. **This is your property factor**1. %**2. Payroll Factor:**

2a. Compensation of officers.....	2a.		
2b. Salaries and wages	2b.		
Payroll included in:			
2c. Costs of goods sold	2c.		
2d. Repairs	2d.		
2e. Other deductions	2e.		
2f. Payroll of foreign subsidiaries included in combined unitary group	2f.		
2g. Payroll of unconsolidated subsidiaries included in combined unitary group.....	2g.		
2h. Payroll of pass-through entities included in combined unitary group.....	2h.		
Total Payroll Value add lines 2a through 2h			

Take the total in column B and divide it by the total in column A. Multiply that result by 100 and enter the result. **This is your payroll factor**2. %**3. Sales (Gross Receipts) Factor:**

3a. Gross sales, less returns and allowances	3a.	
3b. Sales delivered or shipped to Montana purchasers:		
(1) Shipped from outside Montana	3b.(1)	
(2) Shipped from within Montana.....	3b.(2)	
3c. Sales shipped from Montana to:		
(1) United States Government.....	3c.(1)	
(2) Purchasers in a state where the taxpayer is not taxable.....	3c.(2)	
3d. Sales other than sales of tangible personal property (i.e. service income)	3d.	
3e. Less: Intercompany sales	3e.	() ()
3f. Net gains reported on federal Schedule D and federal Form 4797	3f.	
3g. Other gross receipts (rents, royalties, interest, etc).....	3g.	
3h. Sales (receipts) of foreign subsidiaries included in combined unitary group.....	3h.	
3i. Sales (receipts) of unconsolidated subsidiaries included in combined unitary group	3i.	
3j. Sales (receipts) of pass-through entities included in combined unitary group.....	3j.	
3k. Less: Other intercompany transactions	3k.	() ()
Total Sales Value add lines 3a through 3k		

Take the total in column B and divide it by the total in column A. Multiply that result by 100 and enter the result. **This is your sales factor**3. %**4. Add the percentages on lines 1, 2, and 3 in column C. This is the sum of your factors**4. %

5. Divide the total percentage on line 4, column C, by the number of factors that can be included in the calculation. If there is a value in column A for a factor category (Property, Payroll, or Sales), the factor is included in the calculation (see instructions).

Enter the results here and also insert in Form CLT-4, page 3, line 5. **This is your apportionment factor** 5. %

Schedule C - Tax Credits

Period End Date _____

Type of Credit	Column A Current Year Earned	Column B Total Available	Column C Current Year Applied
1. Montana Capital Company Credit			
2. New/Expanded Industry Credit			
3. Interest Differential Credit			
4. Montana Dependent Care Assistance Credit (attach Form DCAC)			
5. Montana College Contribution Credit (attach Form CC)			
6. Health Insurance for Uninsured Montanans Credit (attach Form HI)			
7. Montana Recycle Credit (attach Form RCYL)			
8. Alternative Energy Production Credit (attach Form AEPC)			
9. Contractor's Gross Receipts Tax Credit (attach supporting schedule)			
10. Alternative Fuel Credit (attach Form AFCR)			
11. Infrastructure Users Fee Credit			
12. Qualified Endowment Credit (attach Form QEC)			
12a. Qualified Endowment Credit Recapture			()
13. Historical Buildings Preservation Credit (attach federal Form 3468)			
13a. Historical Buildings Preservation Credit Recapture			()
14. Increase Research and Development Activities Credit (attach Form RSCH)			
15. Mineral Exploration Incentive Credit (attach Form MINE-CRED)			
16. Developmental Disability Account Contribution Credit			
17. Empowerment Zone Credit			
18. Film Production Credit (attach Form FPC)			
18a. Film Production Credit Recapture			()
19. Biodiesel Blending and Storage Credit (attach Form BBSC)			
19a. Biodiesel Blending and Storage Credit Recapture			()
20. Oilseed Crushing and Biodiesel Production Credit (attach Form OSC)			
20a. Oilseed Crushing and Biodiesel Production Credit Recapture			()
21. Geothermal System Credit (attach Form ENRG-A)			
22. Insure Montana Credit			
Add totals of lines 1 through 22 and enter the result here. This is the total of your credits. Enter the total in column C on Form CLT-4, page 3, line 12.			

To receive these credits, you will have to attach this schedule C and your prescribed corporation tax forms or a detailed schedule to your CLT-4.

Send your completed Montana Corporation License Tax Return to:
Department of Revenue, PO Box 8021, Helena, MT 59604-8021

DRAFT
September 4, 2007



Schedule M - Affiliated Entities

Complete the schedules below if your corporation has an affiliated relationship with another business entity. Please note that both schedules must be completed if your corporation is a member of a U.S. consolidated group and has affiliated relationships with other business entities.

Members of a U.S. Consolidated Group

Please include your information in the following schedule for all members of your U.S. consolidated group.

Federal Employer Identification Number	Affiliate/subsidiary/parent corporation name	Percentage of ownership	Check if included in this Montana unitary filing	Check if doing business in Montana	Check if filing Montana CLT-4 separate from this unitary filing

Affiliated Entities

Please include information in the following schedule for all business entities that are not included in the U.S. consolidated group; i.e. partnerships, limited liability companies, foreign subsidiaries owned greater than 50%, unconsolidated subsidiaries owned greater than 50%. Please include entities that are owned by your corporation and entities that are owned by all members of your U.S. consolidated group.

Federal Employer Identification Number	Entity name	Percentage of ownership	Check if included in this Montana unitary filing	Check if doing business in Montana	Type of entity, i.e. foreign subsidiary, unconsolidated subsidiary, partnership, LLC, LLP

Mail to: Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021

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September 4, 2007

Tax Due

Line 10 - Montana Tax Liability. Multiply line 9 by 6.75% (7% for corporations filing under a valid water's edge election) and enter the total on line 10. Your Montana tax liability cannot be less than \$50 (15-31-121(3), MCA), with the exception of the alternative tax. The \$50 minimum tax applies to each corporation having activity in Montana, regardless of whether the company has a net operating loss. Therefore, line 10 should not be less than \$50 times the number of companies with Montana activity.

Alternative Tax

If your only activities in Montana consist of sales and they do not include owning or renting real or tangible personal property and if the dollar volume of gross sales that you made during the tax year within Montana does not exceed \$100,000, you can elect to pay a tax of 0.5% on the gross volume of sales that you made in Montana in lieu of paying the corporation license tax that is based on your net income. If you elect to pay the alternative tax, please check the box and enter your calculated tax liability on line 10.

Line 11 - Payments.

- (a) **2006 overpayment** - If you made an overpayment of your 2006 tax that has not been refunded previously, you can claim it as a credit on line 11a.
- (b) **Tentative payment** - You can elect to make a tentative payment of tax by attaching a remittance to the Montana Corporation License Tax Payment Voucher, inserted in this booklet. Please make your check payable to the Montana Department of Revenue. Be sure to reference your federal employer identification number (FEIN) on your check. If you have made a tentative payment, enter the amount on line 11b.
- (c) **Quarterly estimated tax payments** - If you made quarterly estimated payments during 2007, enter the total of those payments on line 11c.
- (d) **Other payments** - Please include any payment that you did not report above. Enter a description of the type of payments included on this line.
- (e) **Refunds previously issued** - If you received a refund when you filed your original return or a previous amended return, include the amount of the refund on line 11e. Enter on this line a description of the type of payments that you included.

Add the payments reported on lines 11a through 11e and enter the total payments on line 11.

Line 12 - Credits. Enter the total from Schedule C in column C. To claim any credit on the CLT-4, you will need to attach a completed copy of Schedule C and the prescribed forms and or detailed schedules for the credits that you claim. Please see the instructions for Schedule C on pages 8 through 10 of this booklet.

Line 13 - Tax Due or Overpayment. Add lines 11 and 12, then subtract from line 10 and enter result. Your tax is due by the fifteenth day of the fifth month following the close of the taxable year. If you choose the automatic extension of

up to six months, the tax plus any applicable penalty and interest is due when you file your return. (The automatic six-month extension to file is not an extension to pay.)

Line 14 - Overpayment Credited to 2008 Estimated Tax.

Indicate the amount, if any, of the overpayment that you wish to be applied to your 2008 estimated tax.

Line 15 - Net Tax Due or Overpayment. Add lines 13 and 14 and enter the result on line 15.

Line 16 - Interest. When you do not pay your tax by the original date that it is due, interest on the tax due accumulates at the rate of 12% per year until the tax is paid. Interest will be calculated at 12% per year, calculated daily on the unpaid tax. Your taxes are due by the fifteenth day of the fifth month following the close of the taxable year.

Line 17 - Estimated Tax Underpayment Interest. If your tax liability is \$5,000 or greater, you have to make quarterly estimated payments. 15-31-502, MCA. A 12% per year interest penalty will have to be charged on any underpayment. 15-31-510, MCA.

Compute the estimated tax underpayment interest penalty, if applicable, on Form CLT-4-UT and attach a completed copy to your return. Enter the amount of interest penalty on line 17. If you use the annualized/seasonal method to compute the penalty, you will have to attach a copy of the federal Form 2220 that you filed with your federal return. Form CLT-4-UT is available on our website.

Line 18 - Penalty.

- (a) **Late filing penalty** - If you do not file your return with the department by the due date (including any extension of time), we will have to charge a late filing penalty of \$50 or the amount of the tax that was due, whichever is smaller. If you have made an overpayment of your tax, no late filing penalty will be charged.
- (b) **NEW Late payment penalty** - If we do not receive your payment by the original date that it is due, we will have to charge a late payment penalty of 1.2% per month or fraction of a calendar month on any unpaid tax. This penalty cannot exceed 12% of your tax due. It is calculated from the original due date of your return. Please note that the automatic six-month extension to file is not an extension to pay.

Line 19 - Total Due or Overpayment. Add any applicable interest or penalties that you reported on lines 16, 17, or 18 to the liability that you reported on line 15.

- (a) If the result is positive, enter the amount due here. You can use either of the following two methods to submit your payment.
 - 1) Pay the amount due to the Montana Department of Revenue and include the completed Montana Corporation License Tax Payment Voucher that is inserted in this booklet. Send your payment and voucher with your return to: Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021.

2) You can visit our website to enroll in Business Tax Express, a free service that allows your company to pay corporation license tax online. For questions or to add corporation license tax to your current Business Tax Express account, call (406) 444-6900. Watch our website at mt.gov/revenue for more electronic payment options.

(b) If the result is negative, enter the amount of refund that you are requesting. Please check the "Refund Return" box located on the top left hand corner of page 1 of Form CLT.

If you want your refund directly deposited, in the space provided, enter your financial institution's routing number (RTN#), your account number (ACCT#) and indicate whether your account is your checking or savings account. Your routing number will be nine digits and your account can be up to 17 characters (both numeric and alpha). Your direct deposit will be rejected if the routing number or account number is incorrectly listed. If your direct deposit is rejected, we will mail you a check.

Declaration - If your return is not signed by an officer of the reporting entity, or if it is not completed in its entirety, we will have to send your return back to you to be completed.

Instructions for Schedule K

Schedule K applies only to multi-state taxpayers. All multi-state taxpayers have to complete and attach the Schedule K to their Montana CLT-4.

In most cases, multi-state taxpayers have to compute their Montana taxable income by means of the apportionment factor calculated on Schedule K. The apportionment factor is the standard UDITPA (Uniform Division of Income for Tax Purposes Act) three-factor formula of property, payroll and sales used by most states with a corporate tax based on net income.

When a corporation is engaged in a unitary business within and without the State of Montana, the net income assignable to Montana has to be determined using the apportionment factor. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state. Schedule K has to be completed fully by every corporation that carries on a unitary business within and without the state. If you have determined the income that you attribute to Montana on some basis other than the apportionment method, you will need to include a full and detailed description of your business operation along with an explanation of the method that you proposed. Even though you can use an alternative method of determining your Montana taxable income, upon approval by the Department of Revenue, you will still need to complete and submit Schedule K.

Following is a detailed explanation of how to calculate the apportionment factor. To calculate each of the factors, use

the following formula: Column B divided by column A, times 100. Round out to the fourth decimal (example: 25.5555%)

Property Factor (Line 1, Schedule K) - 15-31-306, MCA.

The property factor is a fraction. The numerator is the average value of the taxpayer's real and tangible personal property owned, leased or rented and used in Montana in the production of business income during the tax period. Enter the numerator values in column B of Schedule K. The denominator is the average value of all the taxpayer's real and tangible personal property owned, leased or rented and used in the production of business income during the tax period. Enter the denominator values in column A of Schedule K.

Property owned by the taxpayer is valued at its original cost. Real and tangible personal property that is used in that business includes land, building, machinery, equipment, stocks of goods, inventories, and other tangible property actually used in connection with the production of the business income to be apportioned. It does not include money, accounts receivable or other intangible property, real property that is held for investment or non-business purposes or idle property of any nature.

To the extent that it is utilized in Montana, migratory property has to be included in the numerator.

Unless we otherwise require it, the average value of owned property has to be determined by averaging the values at the beginning and ending of the tax period.

All property that you rent has to be valued at eight times the net annual rental rate. Rental expense cannot be averaged. You have to use your rental expense for the current year in this property factor.

Payroll Factor (Line 2, Schedule K) - 15-31-308, MCA.

The payroll factor is a fraction. The numerator is the total amount that you paid for compensation attributable to the production of business income during the tax period in Montana. Enter the numerator values in column B of Schedule K. The denominator is the total amount that you paid for compensation attributable to the production of business income during the tax period. Enter the denominator values in column A of Schedule K.

Payroll is considered to be paid in Montana if:

- the base of operations is in Montana.
- there is no base of operations and the place from which the service is directed or controlled is in Montana.
- the base of operations or the place from which the service is directed or controlled is not in a state where some part of the service is performed but the person who provides the service is located in Montana.

Sales Factor (Line 3, Schedule K) - 15-31-310, MCA.

Sales means all gross receipts of the taxpayer exclusive of nonbusiness income and inter-company transactions. The sales factor is a fraction. The numerator is the taxpayer's total sales in Montana during the tax period. Enter the numerator values in column B of Schedule K. The denominator is the taxpayer's total sales everywhere during

the tax period. Enter the denominator values in column A of Schedule K.

Sales of tangible personal property are in Montana if:

- the property is delivered or shipped to a purchaser in Montana, other than the United States Government; or
- the taxpayer is not taxable in the state of the purchaser.

Sales other than sales of tangible personal property are in Montana if:

- the income-producing activity is performed in Montana; or
- the income-producing activity is performed both in and outside Montana and a greater proportion of the income-producing activity is performed in Montana than in any other state, based on costs of performance.

Schedule K for Companies with More Than One Corporation Active in Montana

If your company is filing a combined return and has more than one corporation active in Montana, you will have to prepare a combined apportionment schedule. The following is an example of the format that we can accept. You will have to include the detail for property, payroll and sales as it is described on Schedule K. If you would like to use a detailed schedule prepared in spreadsheet form, please visit our website at mt.gov/revenue and download the template for Schedule K-COMB.

Net Operating Losses on a Separate Entity Basis

Please note that the net operating loss carry-over is calculated on a separate entity basis (line 6e below). This means that any loss carry-over will have to be calculated using the format below. If you have not already calculated your income on a separate entity basis for any loss years, you will need to include the loss detail calculated on a separate entity basis when you file the return in the period that you are using the loss.

	Corporation A	Corporation B	Corporation C	Total
1. Property Factor				
a. Montana average property (calculate by company)				
b. Everywhere average property				
c. Divide line 1a by line 1b	%	%	%	
d. Total property factor (add columns on line 1c)				%
2. Payroll Factor				
a. Montana payroll (calculate by company.)				
b. Everywhere payroll				
c. Divide line 2a by line 2b	%	%	%	
d. Total payroll factor (add columns on line 2c)				%
3. Sales Factor				
a. Montana sales (calculate by company)				
b. Everywhere sales				
c. Divide line 3a by line 3b	%	%	%	
d. Total sales factor (add columns on line 3c)				%
4. Sum of the Factors - Add lines 1c, 2c, and 3c for each corporation.	%	%	%	
5. Apportionment Factor				
a. Apportionment factor of Montana corporations (divide the percentage on line 4 in each column by 3)	%	%	%	
b. Total apportionment factor - Add columns on line 5a; enter here and in line 5, page 3, of the CLT-4.				%
6. Montana Taxable Income				
a. Montana adjusted taxable income (enter the amount from CLT-4, page 3, line 4)				
b. Income apportioned to Montana (in each column, multiply line 5a by line 6a)				
c. Income directly allocated to Montana				
d. Montana taxable income before net operating loss (in each column, add lines 6b and 6c)				
e. Montana net operating loss carry-over (enter amounts based on separate entity apportionment in loss years)				
f. Montana taxable income (subtract line 6e from line 6d and enter result)				
g. Total Montana taxable income - Add all columns on line 6f and enter result; this should equal line 9, page 3 of the CLT-4.				

Sum of Factors (Line 4, Schedule K) - Add lines 1, 2 and 3 in column C. Enter the result on line 4 in column C.

Apportionment Factor (Line 5, Schedule K) - Divide line 4 by the number of factors present. A factor is present if you have a value in column A for property, payroll, or sales. Enter the apportionment factor on line 5 of Schedule K and also insert it on line 5, page 3 of Form CLT-4, rounding it out to the fourth decimal (example: 25.5555%).

Instructions for Schedule C - Tax Credits

You have to attach a completed copy of Schedule C and the required corporation tax forms or schedules to your CLT-4 in order to offset any tax liability by these credits.

Calculate the total credit available for each line. Column A is the amount of tax credit earned during the current period. Column B includes the amount from column A plus any tax credits allowed to be carried over from other tax periods and that have not yet been used. Column C is the amount of tax credit that you can use for the current period.

Line 1 - Montana Capital Company Credit. A credit is available to corporations that invested in a qualified Montana capital company within four years of July 1, 1987, or in a qualified Montana small business investment capital company within four years of July 1, 1991. A credit qualified under 90-8-202(3), MCA can be carried forward for 15 years.

Line 2 - New/Expanded Industry Credit. (In order to qualify for this, you will have to include a detailed schedule.) A manufacturing company that begins or expands operations and increases its total full-time employment by at least 30% is eligible for this credit. The amount of this credit is 1% of the total wages, as defined in 39-51-201, MCA, paid to new employees. This credit is available during each of the first three years after that company initiates or expands its manufacturing operation. 15-31-124, MCA. This credit is limited to the year in which it is earned. Please note that it cannot be carried back or carried over.

Line 3 - Interest Differential Credit. (In order to qualify for this, you will have to include a detailed schedule.) A public utility or financial institution that has lent money to be used for energy conservation purposes prior to July 1, 1995, can claim a credit for the difference between the interest it actually receives and the interest it would have received at the prevailing rate for home improvement loans. 15-32-107, MCA. The credit that a utility can claim cannot exceed \$750,000 per year and the credit that a financial institution can claim cannot exceed \$2,000 per year.

Line 4 - Montana Dependent Care Assistance Credit (Form DCAC). An employer can claim a credit for amounts that it paid or incurred for dependent care assistance that it provided to employees. 15-31-131 and 15-31-133, MCA. This assistance can be in the form of:

- Acquiring, constructing, reconstructing, renovating, or improving real property for the primary use as a day-care facility. This credit is the smaller of:

- \$2,500 times the number of dependents that the day-care facility is designed to accommodate;
- 15% of acquisition, construction, reconstruction, renovation, or other improvement cost; or
- \$50,000.
- Providing dependent care assistance to employees that meets the requirements of Internal Revenue Code 26 U.S.C. 129(d)(2) through (d)(6). The credit is 25% of the amount paid or incurred by the employer during the taxable year with a limit of \$1,575 per employee.
- Providing information and referral services to assist employees within the state in obtaining dependent care. The credit is 25% of the amount paid or incurred by the employer during the taxable year.

Line 5 - Montana College Contribution Credit (Form CC). Taxpayers who make charitable contributions to any general endowment funds of the Montana University System or to any general endowment fund of a Montana private college or its foundation during the year are allowed a credit in the amount of 10% of the aggregate of these contributions. 15-30-163, MCA. The maximum amount of credit that can be claimed is \$500 per year with no provision for carry-back or carry-over.

Line 6 - Health Insurance for Uninsured Montanans Credit (Form HI). Employers can claim a credit for the health insurance premiums that are paid by that employer for its employees. 15-31-132, MCA. The credit can be up to \$25 a month for each employee. The maximum credit that can be claimed each year is \$3,000 with no provisions for carry-back or carry-over. If you are using insurance premiums to calculate the Insure Montana Credit (line 22), these premium payments cannot be used to calculate the Health Insurance for Uninsured Montanans Credit. 33-22-2-2007(4), MCA.

Line 7 - Montana Recycle Credit/Deduction (Form RCYL). Employers can claim a credit for their investments in equipment or machinery used to collect, process or manufacture a product from reclaimed material or depreciable property that treats soil contaminated by hazardous wastes. 15-32-602, MCA; 15-32-603, MCA. This credit is a percentage (5% to 25%) of the cost of the property used in Montana, before consideration of trade-in equipment. An exception to this is that the basis will be reduced by any trade-in for which this credit has previously been taken. The credit is limited to the current year tax liability with no provisions for carry-back or carry-over.

Line 8 - Alternative Energy Production Credit (Form AEPC). A credit is available to alternative energy producers. 15-32-402, MCA. The credit is 35% of the eligible costs associated with the purchase, installation or upgrading of generating equipment, safety devices and storage equipment, transmission lines necessary to connect with existing transmission facilities, and transmission lines necessary to connect directly to the purchaser of the electricity when no other transmission facilities are available. The credit must first be claimed in the year in which the asset was placed in service; any excess credit may be carried over seven years. Taxpayers

who meet criteria established in 15-32-404, MCA, may carry-over the credit for 15 years.

Line 9 - Contractor's Gross Receipts Tax Credit. A company that has paid public contractor's gross receipts tax under 15-50-207, MCA can be entitled to a credit for a taxable year within which the net income from contracts subject to the gross receipts tax is reported.

After the corporation has deducted its personal property taxes, it can apply the remaining credit, if any, to its corporation license tax liability. Starting in 2006, any excess credit can be carried forward to the next succeeding tax year for up to five years.

To support the credit that you claim, you will have to attach a schedule or statement including the contract name (and number, if any), location, general description (for example: building, road, bridge, etc.), name of awarding agency, name of prime contractor and the amount of gross receipts tax paid, as well as the amount that has been applied to personal property taxes. If you report your income from contracts on a percentage-of-completion basis, this credit has to be allocated proportionately.

Line 10 - Alternative Fuel Credit (Form AFCR). 15-30-164, MCA. (In order to qualify for this credit you will need to include a detailed schedule.) You can be allowed a credit for equipment and labor costs that you incur in order to convert a motor vehicle licensed in Montana to operate on alternative fuel. The maximum credit is equal to 50% of the equipment and labor costs incurred but cannot exceed: \$500 for conversion of a motor vehicle with a gross weight of 10,000 pounds or less, or \$1,000 for conversion of a motor vehicle with a gross vehicle weight over 10,000 pounds. You have to apply this credit in the year in which the conversion was made. It cannot be carried back or carried forward.

Line 11 - Infrastructure Users Fee Credit. You can claim a credit for the infrastructure users fee paid to a local government. To claim the credit described in 17-6-316, MCA, you have to meet the criteria set forth in 17-6-309(2), MCA, and pay the infrastructure users fee. This form has to be certified by the county, verifying the amount of the infrastructure users fee paid and the timeliness of your payment. This credit can be carried forward for seven years or carried back for three years.

Line 12 - Qualified Endowment Credit (Form QEC). 15-31-161, MCA. Your corporation is allowed a credit for gifts to a qualified charitable endowment against its corporation license tax. This credit cannot exceed your tax liability. It is non-refundable and can not be carried back or carried forward. The value of the gift that you used when you calculated your credit cannot be claimed as a deduction under 15-31-114, MCA, and has to be added back on line 2 of the CLT-4.

If you file on an accrual basis, the credit that you claim has to be taken in the year that you reported it for federal tax purposes. The appropriate percentage that you used when you calculated your credit has to be determined by the actual date that your gift was made.

Attach Form QEC and your verification requirements for any planned gift or outright charitable gift made to

a qualified endowment. See instructions on Form QEC for verification requirements. To learn more about the endowments state-wide visit the Governor's Task Force on Endowed Philanthropy website at www.endowmontana.org.

Planned Gifts		
Planned Gift Date	Percent of Present Value	Maximum Credit
1-1-97 through 12-31-01	50%	\$10,000
1-1-02 through 8-27-02	40%	\$10,000
8-28-02 through 6-30-03	30%	\$6,600
7-1-03 through 12-31-13	40%	\$10,000
Qualified Outright Charitable Gifts		
Qualified Charitable Gift Date	Percent of Charitable Gift	Maximum Credit
1-1-97 through 12-31-01	50%	\$10,000
1-1-02 through 8-27-02	20%	\$10,000
8-28-02 through 6-30-03	13.3%	\$6,600
7-1-03 through 12-31-13	20%	\$10,000

If a charitable gift is recovered in the current year, the amount of tax due has to be increased by the amount of credit allowed in the year that the credit was taken. Enter the amount of credit recaptured on line 12(a).

Line 13 - Historical Buildings Preservation Credit. 15-31-151, MCA. (In order to qualify for this credit you will have to attach federal Form 3468.) You can claim a credit for expenditures that you made in relation to the preservation of certain historic buildings located in Montana. Qualifying historic buildings are those structures defined in Section 47 (c) of the Internal Revenue Code. The allowable Montana credit is 25% of the federal rehabilitation credit provided for in Section 47 (a) (2) of the IRC.

This credit is a nonrefundable credit. Any unused credit can be carried forward for up to seven years succeeding the year in which the credit is generated.

Line 14 - Increase Research and Development Activities Credit (Form RSCH). A credit is available to you for increases in qualified research expenses and basic research payments for research that is conducted in Montana. 15-31-150, MCA. The credit is determined in accordance with section 41 of the IRC, 26 U.S.C. 41, with the exception that the applicable rate is 5% for Montana purposes. You will have to attach to your return a completed copy of the form provided by us.

Any unused credit cannot be refunded, but may be carried back two years and carried forward 15 years.

Line 15 - Mineral Exploration Incentive Credit (Form MINE-CRED). You can claim a credit for certified expenditures of mining exploration activities (15-32-502, MCA), not to exceed 50% of the corporation tax liability. Certified expenditures are the costs that you incur for activities that directly support the exploration activity conducted at a specific exploration site. This credit applies to activities associated with both new mines and mines that are being reopened. You will have to attach a completed copy of the Form MINE-CERT to your return.

Line 16 - Developmental Disability Account Contribution Credit. An individual, corporation, partnership or small business corporation is allowed a credit equal to

30% of the amount donated during the year to the Montana Developmental Disability Service Account under 15-30-187, MCA. The maximum credit that you can claim is \$10,000 and cannot exceed your tax liability. If you elect to apply the donation to this credit you are not allowed to deduct the donation elsewhere on your return. There is no carry-over provision allowed and the credit must be applied in the year the donation is made.

Line 17 - Empowerment Zone Credit. For tax periods beginning on or after October 1, 2003, an employer is allowed a credit for each new employee at a business in an empowerment zone under 15-31-134, MCA. To be eligible for this credit you have to be certified by the Montana Department of Labor and Industry. The credit can be carried forward seven years and carried back three years.

Line 18 - Film Production Credit (Form FPC). To claim this credit, you have to make an application and your fee has to be paid by the time you file your return.

You can claim a credit for the employment of residents of this state or for qualified expenditures in this state in connection with a state-certified production in Montana. 15-31-902, MCA. The expenditures that you use to calculate this credit cannot be taken as deductions that you used to calculate Montana taxable income. You can elect to have the credit refunded or you can carry the credit forward for three years. If your production company's certification is revoked after you take the credit, you will need to recapture the credit on line 18a.

Line 19 - Biodiesel Blending and Storage Credit (Form BBSC). A credit can be claimed by a qualified taxpayer for the cost of investments in depreciable property used for storing or blending biodiesel made from Montana products with petroleum diesel for sale. 15-32-703, MCA. This credit can be carried over for seven tax periods if the facility is blending or storing biodiesel for blending. If the facility ceases blending biodiesel for sale for a period of 12 consecutive months within five years of claiming the credit, the credit is subject to recapture. If the facility's biodiesel sales are not at least 2% of all diesel sales by the end of

the third year after the credit is initially claimed, the credit is subject to recapture. The recapture is reported on line 19a of Schedule C.

Line 20 - Oilseed Crushing and Biodiesel/Biolubricant Production Credit (Form OSC). You can claim a credit for the cost of investments in qualifying depreciable property used to crush oilseed crops for the purpose of making biodiesel fuel or biolubricant, or used to construct or equip a facility in Montana to be used for producing biodiesel or biolubricant. 15-32-701-702, MCA. This credit can be carried over for seven tax periods if the facility is crushing oilseed during that tax period. If the facility for which the credit is claimed ceases operations for a period of 12 consecutive months within five years of claiming the credit, the credit is subject to recapture. The recapture is reported on line 20a of Schedule C.

Line 21 - Geothermal System Credit (Form ENRG-A). You can claim a credit for a portion of the installation costs of a geothermal system according to 15-32-115, MCA, if you are constructing a new residence. The credit of up to \$1,500 may be carried forward for seven succeeding tax years. This credit is effective for tax years beginning after December 31, 2005.

Line 22 - Insure Montana Credit. If you are an eligible small employer, as defined in 33-22-2006, MCA, you can claim a credit for qualifying insurance premiums paid for coverage of eligible employees and their spouses and dependents under a group health plan. This credit is available for tax years beginning after December 31, 2005. If you claim this credit, please attach a copy of the letter from the State Auditor's Office providing the final amount of tax credit the business received. If you are using insurance premiums to calculate the Health Insurance for Uninsured Montanans Credit (Line 6) these premium payments cannot be used to calculate the Insure Montana Credit. In addition, if you deducted these premiums to calculate Montana taxable income, you have to add the amount deducted on your federal return back on line 2 of the Montana CLT-4. You can claim this credit even if it exceeds your income tax liability on line 10 of Form CLT-4.

Montana Department of Revenue
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